

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Reynolds Township	County Montcalm
Audit Date 3/31/05	Opinion Date 6/9/05	Date Accountant Report Submitted to State: 11/10/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

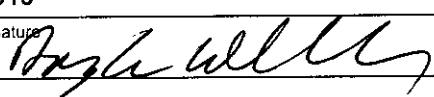
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg, CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 		Date 11/10/05	

Reynolds Township

Montcalm County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2005

Reynolds Township
Montcalm County, Michigan
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March 31, 2005

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INDEPENDENT AUDITORS' REPORT

To the Board
Reynolds Township
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Reynolds Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Reynolds Township management. Our responsibility is to express opinions on these financial statements based on our audit.

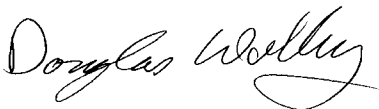
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Reynolds Township as of March 31, 2005, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

As described in Note 9, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, and related statements as of April 1, 2004. In adopting this statement, the financial statements now include government-wide full accrual financial statements and reorganized fund-based statements.



Byron Center, Michigan
June 9, 2005

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reynolds Township
Montcalm County, Michigan
Statement of Net Assets
For the year ended March 31, 2005

	Governmental activities
<u>GOVERNMENTAL ASSETS</u>	
Cash and cash equivalents	\$ 1,146,783
Receivables (net)	9,866
Capital assets (net)	315,097
TOTAL ASSETS	\$ 1,471,746
<u>GOVERNMENTAL LIABILITIES</u>	
Accrued and other liabilities	328
TOTAL LIABILITIES	328
<u>GOVERNMENTAL NET ASSETS</u>	
Invested in capital assets	315,097
Unrestricted	1,156,321
TOTAL NET ASSETS	1,471,418
TOTAL LIABILITIES AND NET ASSETS	\$ 1,471,746

The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township
Montcalm County, Michigan
Statement of Activities
For the year ended March 31, 2005

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
PRIMARY GOVERNMENT EXPENSES					
General government	\$ 165,897	\$ 34,002	\$ -	\$ -	\$ (131,895)
Public safety	66,128	75	-	-	(66,053)
Public works	95,414	-	-	-	(95,414)
Community and economic development	9,398	2,030	-	-	(7,368)
Recreation and culture	153,235	9,455	379,614	61,693	297,527
Total Governmental activities	\$ 490,072	\$ 45,562	379,614	61,693	(3,203)
General Revenues					
Property taxes					210,307
State-shared revenue					184,203
Unrestricted investment income					11,862
Franchise fees					2,663
Miscellaneous					7,250
Total general revenues - special items and transfers					416,285
Change in net assets					413,082
Net assets at beginning of year					1,058,336
Net assets at end of year				\$	1,471,418

The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township
Montcalm County, Michigan
Governmental Funds
Balance Sheet
March 31, 2005

	General Fund	Library Fund	Library Capital Projects Fund	Nonmajor Funds	Total
<u>ASSETS</u>					
Cash	\$ 173,838	\$ 192,508	\$ 717,592	\$ 62,845	\$ 1,146,783
Receivables					
Taxes	9,866	-	-	-	9,866
TOTAL ASSETS	\$ 183,704	\$ 192,508	\$ 717,592	\$ 62,845	\$ 1,156,649
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES</u>					
Payroll deductions payable	\$ 328	\$ -	\$ -	\$ -	\$ 328
<u>FUND BALANCES</u>					
Reserved for					
Capital Projects	-	-	717,592	62,845	780,437
Undesignated	183,376	192,508	-	-	375,884
TOTAL FUND BALANCES	183,376	192,508	717,592	62,845	1,156,321
TOTAL LIABILITIES AND FUND BALANCES	\$ 183,704	\$ 192,508	\$ 717,592	\$ 62,845	\$ 1,156,649

The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township

Montcalm County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2005

<hr/>	
Total fund balances - total governmental funds	\$ 1,156,321
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital assets at cost	316,063
Accumulated depreciation	(966)
Net capital assets	315,097
<hr/>	
Net assets of governmental activities	\$ 1,471,418
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The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township
Montcalm County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended March 31, 2005

	General Fund	Library Fund	Library Capital Projects Fund	Nonmajor Funds	Total
REVENUE					
Property taxes	\$ 157,668	\$ 82,756	\$ -	\$ -	\$ 240,424
State grants	184,203	11,053	-	-	195,256
Licenses and permits	4,047	-	-	-	4,047
Intergovernmental	-	60,408	-	-	60,408
Charges for services	6,221	5,315	-	-	11,536
Fines	-	44,454	-	-	44,454
Interest and rents	1,269	2,403	6,009	567	10,248
Contributions	-	134	328,247	-	328,381
Other	19,761	1,450	6,679	-	27,890
TOTAL REVENUE	373,169	207,973	340,935	567	922,644
EXPENDITURES					
General government	145,650	-	-	-	145,650
Public Safety	66,128	-	-	-	66,128
Public works	97,781	-	-	-	97,781
Communitu and economic development	9,398	-	-	-	9,398
Recreation and culture	500	152,735	-	-	153,235
Other governmental functions	36,887	-	-	-	36,887
Capital outlay	-	-	202,513	-	202,513
TOTAL EXPENDITURES	356,344	152,735	202,513	-	711,592
NET CHANGE IN FUND BALANCES	16,825	55,238	138,422	567	211,052
FUND BALANCES, BEGINNING OF YEAR	166,551	137,270	579,170	62,278	945,269
FUND BALANCES, END OF YEAR	\$ 183,376	\$ 192,508	\$ 717,592	\$ 62,845	\$ 1,156,321

The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township

Montcalm County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2005

Net change in fund balances - total governmental funds	\$	211,052
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Amounts reported for governmental activities in the statement of activities are different because:

Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation		(483)
Change in net assets of government activities	\$	413,082

The Notes to the Financial Statements are an integral part of this statement.

Reynolds Township
Montcalm County, Michigan
Fiduciary Fund
Statement of Net Assets
For the year ended March 31, 2005

			Agency Fund Type
Cash	\$	5,670	
Undistributed taxes	\$	5,670	

The Notes to the Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Reynolds Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Reynolds Township:

A. Reporting Entity

Reynolds Township is governed by an elected five member Board. The Township has no component units, entities for which the government is considered to be financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Reynolds Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund.

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Reynolds Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Reynolds Township as of the preceding December 31st.

Although Reynolds Township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is Reynolds Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2004 taxable valuation of Reynolds Township totaled \$89,550,784, on which ad valorem taxes levied consisted of the following:

	<u>Mills levied</u>	<u>Raising</u>
Operation	0.8622 \$	77,211
Library	0.8622	77,211
Fire	0.9260	82,924

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

The Library Fund accounts for property taxes and other revenues used to operate the library.

Library Capital Projects Fund accounts for donations and other money used to construct and furnish a library building.

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

Additionally, the government reports the following fund types:

Capital Project Fund

The Township Hall Capital Projects Fund accounts for money set aside for improvements to the Township hall.

The Trust and agency fund accounts for property tax collected on behalf of the Township and other units.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Reynolds Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget appropriation	Actual Expenditure
General Fund		
Board of Trustees	\$ 4,475	\$ 4,536
Clerk	17,375	17,883
Treasurer	22,475	23,197
Attorney	5,000	5,178
Cemetery	6,100	8,133
Public works	81,652	97,781

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Reynolds Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Reynolds Township Board has designated two banks and the Kent County Treasurer for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Reynolds Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 1,146,783	\$ 5,670	\$ 1,152,453

The bank balance of the Township's deposits is \$1,148,743, of which \$378,241 is covered by federal depository insurance and \$770,502 is uninsured and uncollateralized.

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

NOTE 4 - RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	
<u>Taxes receivable</u>	<u>\$</u>	<u>9,866</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>April 1, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>March 31, 2005</u>
Assets not being depreciated				
Land	\$ 106,300	\$	\$	106,300
Construction in progress		202,513		202,513
Capital assets being depreciated:				
Equipment and furniture	7,250			7,250
Subtotal	7,250			7,250
Accumulated depreciation:				
Equipment and furniture	483	483		966
Subtotal	483	483		966
Net capital assets being depreciated	6,767	(483)		6,284
Net capital assets	\$ 113,067	\$ 202,030	\$	\$ 315,097

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:		
General government	\$	483

Reynolds Township
Montcalm County, Michigan
Notes to Basic Financial Statements
For the year ended March 31, 2005

NOTE 6 - RISK MANAGEMENT

Reynolds Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Reynolds Township has purchased commercial insurance for **all** claims and participates in the **Accident Fund** for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time.

NOTE 8 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

Reynolds Township provides pension benefits to certain employees through defined contribution plans with Ing Annuity and Life Insurance Company and Gleaners Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Reynolds Township contributes 20 percent of all Township Board members' salaries toward the purchase of individual annuities to provide retirement benefits. Contributions to the plan for the current year totaled \$3,284 based on a covered payroll of \$81,410. Total Township payroll was \$81,410. Retirement benefits are limited to the amount of annuities purchased on behalf of each employee.

REQUIRED SUPPLEMENTAL INFORMATION

Reynolds Township
Montcalm County, Michigan
General Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	Original and final budget	Actual	Variance with final budget
REVENUES			
Property Taxes			
Current real property taxes	\$ 138,041	\$ 127,551	\$ (10,490)
Penalties and interest on taxes	-	1,615	1,615
Property tax administration fee	28,000	28,502	502
Total Property Taxes	166,041	157,668	(8,373)
State Grants			
State revenue sharing	182,339	178,324	(4,015)
Other state grants	-	5,879	5,879
Total State Grants	182,339	184,203	1,864
Licenses and Permits			
Non-business licenses and permits	-	1,370	1,370
Business licenses and permits	3,000	2,677	(323)
Total Licenses and Permits	3,000	4,047	1,047
Charges for Services			
Services rendered	11,650	6,221	(5,429)
Total Charges for Services	11,650	6,221	(5,429)
Interest and Rentals			
Interest and rents	1,200	1,269	69
Other Revenue			
Refunds	450	5	(445)
Other	15,500	339	(15,161)
Total Other Revenue	15,950	344	(15,606)
TOTAL REVENUES	380,180	353,752	(26,428)

Reynolds Township
Montcalm County, Michigan
General Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	Original and final budget	Actual	Variance with final budget
EXPENDITURES			
General government			
Board of trustees	\$ 4,475	\$ 4,536	\$ (61)
Supervisor	9,100	8,264	836
Clerk	17,375	17,883	(508)
Board of review	860	291	569
Treasurer	22,475	23,197	(722)
Assessor	30,000	30,000	-
Elections	13,100	5,578	7,522
Building and grounds	47,267	42,590	4,677
Attorney	5,000	5,178	(178)
Cemetery	6,100	8,133	(2,033)
Total General government	155,752	145,650	10,102
Public safety			
Police	18,996	17,413	1,583
Fire department	53,144	48,715	4,429
Total Public safety	72,140	66,128	6,012

Reynolds Township
Montcalm County, Michigan
General Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	Original and Final budget	Actual	Variance with final budget
Public works			
Highways, streets and bridges	\$ 81,652	\$ 95,414	\$ (13,762)
Street lighting	-	2,367	(2,367)
Total Public works	81,652	97,781	(16,129)
Community and economic development			
Planning	570	673	(103)
Zoning	9,300	8,725	575
Total Community and economic development	9,870	9,398	472
Recreation and culture			
Parks and recreation	500	500	-
Other governmental functions			
Insurance	1,000	-	1,000
Retirement	15,000	3,284	11,716
Social security	1,800	2,032	(232)
Other	17,600	12,154	5,446
Total Other governmental functions	35,400	17,470	17,930
TOTAL EXPENDITURES	355,314	336,927	18,387
NET CHANGE IN FUND BALANCES	24,866	16,825	(8,041)
Fund balance at beginning of year	166,551	166,551	-
Fund balance at end of year	\$ 191,417	\$ 183,376	\$ (8,041)

Reynolds Township
Montcalm County, Michigan
Library Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	Original and final budget	Actual	Variance with final budget
<u>REVENUE</u>			
Current real property taxes	\$ 72,000	\$ 82,756	\$ 10,756
Other state grants	4,000	11,053	7,053
Intergovernmental	60,000	60,408	408
Services rendered	4,400	5,315	915
Fines and forfeitures	43,500	44,454	954
Interest and dividends	1,500	2,403	903
Contributions and donations	250	134	(116)
Refunds	-	200	200
Other	1,000	1,250	250
TOTAL REVENUE	186,650	207,973	21,323
<u>EXPENDITURES</u>			
Library	186,650	152,735	33,915
NET CHANGE IN FUND BALANCES	-	55,238	(12,592)
Fund balance beginning of year	137,269	137,269	-
Fund balance end of year	\$ 137,269	\$ 192,507	\$ (12,592)

Reynolds Township
Montcalm County, Michigan
Library Capital Projects Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	<u>Actual</u>
<u>REVENUE</u>	
Interest and rents	\$ 6,009
Contributions and donations	328,247
Other	6,679
<u>TOTAL REVENUE</u>	<u>340,935</u>
<u>EXPENDITURES</u>	
Capital outlay	202,513
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>138,422</u>
NET CHANGE IN FUND BALANCES	138,422
<u>Fund balance beginning of year</u>	<u>579,169</u>
<u>Fund balance end of year</u>	<u>\$ 717,591</u>

The Township is not required to adopt a budget for the Library Capital Projects Fund and did not do so.

OTHER SUPPLEMENTAL INFORMATION

Reynolds Township
Montcalm County, Michigan
Township Hall Capital Projects Fund
Balance Sheet
March 31, 2005

<u>ASSETS</u>		
Cash	\$	62,845
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital projects	\$	62,845

Reynolds Township
Montcalm County, Michigan
Township Hall Capital Projects Fund
Budgetary Comparison Schedule
For the year ended March 31, 2005

	<u>Actual</u>
<u>REVENUE</u>	
Interest and rents	\$ 567
NET CHANGE IN FUND BALANCES	567
Fund balance beginning of year	62,278
Fund balance end of year	\$ 62,845

The Township is not required to adopt a budget for the Township Hall Capital Projects Fund and did not do so.

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Board
Reynolds Township
Montcalm County, Michigan

We have audited the general purpose financial statements of Reynolds Township, Montcalm County, Michigan for the year ended March 31, 2005, and have issued our report thereon dated June 9, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated June 9, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Reynolds Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

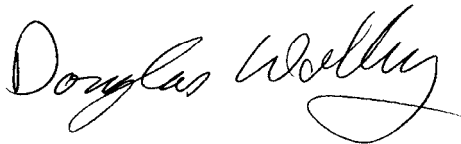
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Reynolds Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Reynolds Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2005. We noted no transactions entered into by Reynolds Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Reynolds Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 9, 2005

MANAGEMENT COMMENTS LETTER

To the Board
Reynolds Township
Montcalm County, Michigan

In planning and performing our audit of the financial statements of Reynolds Township for the year ended March 31, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

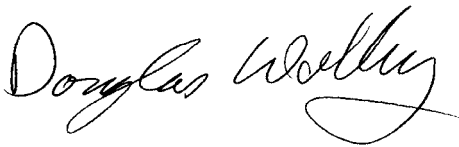
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Reynolds Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2005 financial statements, and this report does not affect our report on those financial statements dated June 9, 2005. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 9, 2005

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board
Reynolds Township
Montcalm County, Michigan

We have audited the general purpose financial statements of Reynolds Township, Montcalm County, Michigan as of and for the year ended March 31, 2005, and have issued our report thereon dated June 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

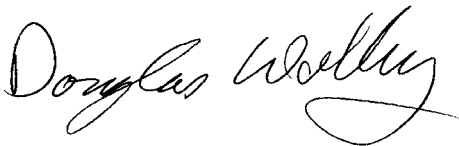
Compliance

As part of obtaining reasonable assurance about whether Reynolds Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Reynolds Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
June 9, 2005